
**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION**

**PERFORMANCE & COMPENSATION COMMITTEE
OPEN SESSION**

MINUTES OF MEETING

February 19, 2008

The Performance and Compensation Committee met on Tuesday, February 19, 2008, in the Lincoln Plaza North Building, 400 Q Street, Sacramento, California.

The meeting was called to order at 4:17 p.m. and the following members were present:

Priya Mathur, Chair
Tony Oliveira
Steve Coony representing Bill Lockyer
Kurato Shimada

Excused:
David Gilb
Charles Valdes

**AGENDA ITEM 2 – APPROVAL OF THE DECEMBER 14, 2007 PERFORMANCE AND
COMPENSATION COMMITTEE MEETING MINUTES**

The minutes were approved as presented.

**AGENDA ITEM 3 – SECOND QUARTER STATUS REPORTS ON PERFORMANCE
PLANS OF THE CHIEF EXECUTIVE OFFICER, CHIEF ACTUARY, CHIEF INVESTMENT
OFFICER AND HIS DIRECT REPORTING STAFF**

Chris O'Brien, Human Resources Division Chief, presented, as an action item the Chief Executive Officer, Chief Actuary, Chief Investment Officer, Chief Operating Investment Officer, and Senior Investment Officers.

On **MOTION** by Mr. Coony, **SECONDED** and **CARRIED** the Committee accepted the Second Quarter Status Reports on the Performance Plans of the Chief Executive Officer, Chief Actuary, Chief Investment Officer, and His Direct Reporting Staff.

AGENDA ITEM 4 – CHANGES IN SENIOR PORTFOLIO MANAGER AND PORTFOLIO MANAGER PERFORMANCE PLANS

Ms. O'Brien presented, as an information item, the changes approved by the Chief Executive Officer and Chief Investment Officer in the plans of two Portfolio Managers. It was also noted that the changes previously recommended by the Committee were made to all plans of Senior Portfolio Managers, to include Succession Planning in their Leadership performance measure.

AGENDA ITEM 5 – CHANGES IN PERFORMANCE PLANS OF INVESTMENT MANAGEMENT POSITIONS IN INFLATION-LINKED ASSET CLASS

Ms. O'Brien presented, as an action item, changes to the performance plans of the Senior Investment Officer, Alternative Investments; Senior Investment Officer, Fixed Income; and Senior Investment Officer, Real Estate related to the Inflation-Linked Asset Class. In addition, corresponding changes to the performance plans of one Senior Portfolio Manager and one Portfolio Manager were presented for information.

On **MOTION** by Mr. Shimada, **SECONDED** and **CARRIED** the Committee approved changes in the performance plans of the Senior Investment Officer, Alternative Investments; Senior Investment Officer, Fixed Income; and Senior Investment Officer, Real Estate.

AGENDA ITEM 6 – 2007-2008 PERFORMANCE PLANS FOR RECENTLY APPOINTED INVESTMENT MANAGERS (SECOND READING)

Ms. O'Brien presented, as an action item, the 2007-08 performance plans and duty statements for six recently appointed investment managers for second reading. The plan for the Senior Investment Officer, Asset Allocation/Risk Management was amended to incorporate the Committee's recommended changes to the Inflation Linked Asset Class qualitative measure. In addition, changes previously recommended by the Committee were made to the plans of the Senior Portfolio Managers prior to second reading, to include Succession Planning in their Leadership performance measure.

On **MOTION** by Mr. Oliveira, **SECONDED** and **CARRIED** the Committee approved the second reading of the 2007-08 performance plans for the recently appointed investment managers.

AGENDA ITEM 7 - 2007-2008 PERFORMANCE PLANS FOR RECENTLY APPOINTED INVESTMENT MANAGERS (FIRST READING)

Ms. O'Brien presented the 2007-08 performance plans and duty statements for three recently appointed investment managers for first reading.

On **MOTION** by Mr. Shimada, **SECONDED** and **CARRIED** the Committee approved as final, the 2007-08 performance plans for the recently appointed investment managers.

AGENDA ITEM 8 – 2007-2008 PERFORMANCE PLAN FOR THE GENERAL COUNSEL (FIRST READING)

Ms. O'Brien presented for first reading the 2007-08 performance plan and duty statement for the General Counsel. A recommendation was made to amend the duty statement and performance plan prior to second reading, including additional language related to responsibilities for Defined Benefit / Defined Contribution issues, Information Security, and Disability Investigations.

On **MOTION** by Mr. Coony, **SECONDED** and **CARRIED** the Committee approved the first reading of the 2007-08 performance plan for the General Counsel.

AGENDA ITEM 9 – HUMAN RESOURCES DIVISION REPORT

Chris O'Brien, Chief of Human Resources, reported the Incentive Compensation Redesign Workshop has been scheduled for March 17th.

AGENDA ITEM 10 – PROPOSED APRIL 2008 AGENDA

The draft agenda for the April 2008 Committee meeting was reviewed and accepted. It was also noted that a meeting has been added to the schedule for March 2008.

The next Performance and Compensation Committee meeting will be scheduled for March 2008 in Sacramento, California.